

February 2018



Farm Service Agency **Electronic News Service**

NEWSLETTER

GovDelivery

REQUIRED: Insert Table of Contents Here

- [Document the Drought: USDA U.S. Drought Monitor Offers Producers a Voice to Report Drought Impacts](#)
- [MAL and LDP Policy](#)
- [Recourse Seed Cotton Loans](#)
- [Filing CCC-941 Adjusted Gross Income \(AGI\) Certifications](#)
- [Maintaining Good Credit History](#)
- [Communication is Key in Lending](#)

Arizona FSA Newsletter

Arizona State Farm Service Agency

230 N 1st Ave, Suite 506

Phoenix, AZ 85003-1726

Phone: 602-285-6300

Fax: 602-285-6325

State Executive Director:

James Mago

Farm Loan Manager:

Sharon Kinnison

Program Specialist:

Ryan Hunt, Pam Solem

Document the Drought: USDA U.S. Drought Monitor Offers Producers a Voice to Report Drought Impacts

The U.S. Drought Monitor's reporting feature offers producers an opportunity to submit drought impact and condition reports. The USDA, in partnership with the National Oceanic and Atmospheric Administration and the University of Nebraska in Lincoln, produced the U.S. Drought Monitor to include a reporting feature that allows producers to report local drought impacts and conditions.

The report allows producers to:

- Provide a written description of drought impacts on livelihood, activities, etc.;
- Select categories to show losses and gains as a result of the drought;
- Report on the duration of drought event;
- Select Affected Places – geographic areas ranging from an entire state to a small area within a state;

To find contact information for your local office go to www.fsa.usda.gov/az

- Submit images that document the drought and its impact;
- Provide contact information (includes an option to keep information confidential).

The reporting tool for producers to record the effects of the drought can be accessed at the following link:

<http://droughtreporter.unl.edu/submitreport/>

More information including state specific drought impact maps can be found on the U. S. Drought Monitor homepage:

<http://droughtmonitor.unl.edu/>

MAL and LDP Policy

The Agricultural Act of 2014 authorized 2014-2018 crop year Marketing Assistance Loans (MALs) and Loan Deficiency Payments (LDPs), with a few minor policy changes. Among the changes, farm-stored MAL collateral transferred to warehouse storage will retain the original loan rate, be allowed to transfer only the outstanding farm-stored quantity with no additional quantity allowed and will no longer require producers to have a paid for measurement service when moving or commingling loan collateral.

MALs and LDPs provide financing and marketing assistance for wheat, feed grains, soybeans, and other oilseeds, pulse crops, rice, peanuts, cotton, wool and honey. MALs provide producers interim financing after harvest to help them meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. A producer who is eligible to obtain a loan, but agrees to forgo the loan, may obtain an LDP if such a payment is available. Marketing loan provisions and LDPs are not available for sugar and extra-long staple cotton.

FSA is now accepting requests for 2017 MALs and LDPs for all eligible commodities after harvest. Requests for loans and LDPs shall be made on or before the final availability date for the respective commodities. Before MAL repayments with a market loan gain or LDP disbursements can be made, producers must meet the requirements of actively engaged in farming, cash rent tenant and member contribution.

Commodity certificates are available to loan holders who have outstanding nonrecourse loans for wheat, upland cotton, rice, feed grains, pulse crops (dry peas, lentils, large and small chickpeas), peanuts, wool, soybeans and designated minor oilseeds. These certificates can be purchased at the posted county price (or adjusted world price or national posted price) for the quantity of commodity under loan, and must be immediately exchanged for the collateral, satisfying the loan. MALs redeemed with commodity certificates are not subject to the actively engaged in farming, cash-rent tenant, Adjusted Gross Income provisions or the payment limitation.

To be considered eligible for an LDP, producers must have form [CCC-633EZ](#), Page 1 on file at their local FSA Office before losing beneficial interest in the crop. Pages 2, 3 or 4 of the form must be submitted when payment is requested.

The 2014 Farm Bill also establishes payment limitations per individual or entity not to exceed \$125,000 annually on certain commodities for the following program benefits: price loss coverage payments, agriculture risk coverage payments, marketing loan gains (MLGs) and LDPs. These payment limitations do not apply to MAL loan disbursements or redemptions using commodity certificate exchange.

Adjusted Gross Income (AGI) provisions were modified by the 2014 Farm Bill, which states that a producer whose total applicable three-year average AGI exceeds \$900,000 is not eligible to receive an MLG or LDP. Producers must have a valid CCC-941 on file to earn a market gain of LDP. The AGI does not apply to MALs redeemed with commodity certificate exchange.

For more information and additional eligibility requirements, please visit a nearby USDA Service Center or FSA's website www.fsa.usda.gov.

Recourse Seed Cotton Loans

Cotton producers can request a recourse seed cotton loan at their local Farm Service Agency (FSA) office. Due to this year's large cotton crop and delayed ginning, these seed cotton loans can provide interim financing to producers until their cotton is ginned. Recourse seed cotton loans are available from the beginning of harvest through March 31, 2018. Seed cotton loans must be repaid by May 31, 2018. After the cotton has been ginned, the seed cotton loan is repaid with proceeds from the ginned cotton.

County Offices will provide written or e-mail notification to every Cooperative Marketing Association (CMA) or Loan Servicing Agent (LSA) used by the producer to ensure that the proceeds from a ginned cotton loan are used to repay a seed cotton loan obligation. Any proceeds obtained from LSA or CMA, whether from a loan or Loan Deficiency Payment (LDP), will be jointly payable to the producer and to the Commodity Credit Corporation if these proceeds are from a loan for the same cotton that is collateral for the seed cotton loan.

Contact your local FSA office to learn about eligible requirements or to request a seed cotton loan.

Filing CCC-941 Adjusted Gross Income (AGI) Certifications

Many producers have experienced delays in receiving Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments, Loan Deficiency Payments (LDPs) and Market Gains on Marketing Assistance Loans (MALs) because they have not filed form CCC-941, Adjusted Gross Income Certification. LDPs will not be paid until all eligible producers, including landowners who share in the crop, have filed a valid CCC-941.

Producers without a valid CCC-941 certifying their compliance with the average adjusted gross income provisions will not receive payments that have been processed. All farm operator/tenants/owners who have not filed a CCC-941 and have pending payments should IMMEDIATELY file the form with their recording county FSA office. Farm operators and tenants are encouraged to ensure that their landowners have filed the form. FSA has been issuing 2016 ARC/PLC payments.

FSA can accept the CCC-941 for 2015, 2016, 2017 and 2018. Unlike the past, producers must have the CCC-941 certifying their AGI compliance before any payments can be issued.

Maintaining Good Credit History

Farm Service Agency (FSA) Farm Loan programs require that applicants have a satisfactory credit history. A credit report is requested for all FSA direct farm loan applicants. These reports are reviewed to verify outstanding debts, if bills are paid timely and to determine the impact on cash flow.

Information found on a customer's credit report is strictly confidential and is used only as an aid in conducting FSA business.

Our farm loan staff will discuss options with you if you have an unfavorable credit report and will provide a copy of your report. If you dispute the accuracy of the information on the credit report, it is up to you to contact the issuing credit report company to resolve any errors or inaccuracies.

There are multiple ways to remedy an unfavorable credit score.

1. Make sure to pay bills on time. Setting up automatic payments or automated reminders can be an effective way to remember payment due dates.
2. Pay down existing debt.
3. Keep your credit card balances low.
4. Avoid suddenly opening or closing existing credit accounts. FSA's farm loan staff will guide you through the process, which may require you to reapply for a loan after improving or correcting your credit report. For more information on FSA farm loan programs, visit www.fsa.usda.gov.

Communication is Key in Lending

Farm Service Agency (FSA) is committed to providing our farm loan borrowers the tools necessary to be a success. A part of ensuring this success is providing guidance and counsel from the loan application process through the borrower's graduation to commercial lending institutions. While it is FSA's commitment to advise borrowers as they identify goals and evaluate progress, it is crucial for borrowers to communicate with their farm loan staff when changes occur. It is the borrower's responsibility to alert FSA to any of the following:

- Any proposed or significant changes in the farming operation;
- Any significant changes to family income or expenses;
- The development of problem situations;
- Any losses or proposed significant changes in security In addition, if a farm loan borrower cannot make payments to suppliers, other creditors, or FSA on time, contact your farm loan

staff immediately to discuss loan servicing options. For more information on FSA farm loan programs, visit www.fsa.usda.gov.